

Message Text

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FM AMEMBASSY BEIRUT

TO SECSTATE WASHDC 6563

INFO AMEMBASSY ABU DHABI

AMEMBASSY AMMAN

AMEMBASSY ATHENS

AMEMBASSY CAIRO

AMEMBASSY DAMASCUS

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY TEHRA

AMEMBASSY SANA

AMEMBASSY LONDON

AMEMBASSY MUSCAT

AMEMBASSY MANAMA

AMCONSUL DHAHRAN

USINT BAGHDAD UNN

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TAGS: BEXP, LE

SUBJECT: STATUS OF AMERICAN BUSINESS OFFICES IN BEIRUT

1. WHAT ACTION TO TAKE IN FACE OF PROLONGED UNSTABLE
CIVIL SITUATION IN LEBANON CONTINUES PREOCCUPY MANAGERS
AND STAFF OF AMERICAN BUSINESS OFFICES IN BEIRUT. DECIS-
IONS TO DATE FOLLOW A VARIETY OF PATTERNS. ONLY A VERY
FEW BUSINESS OFFICES HAVE CLOSED COMPLETELY; SOME HAVE
REDUCED THEIR STAFFS AND ACTIVITIES; OTHERS HAVE UNDER-
TAKEN TEMPORARY EVACUATIONS OF STAFF AND/OR DEPENDENTS
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WHILE SOME OFFICIALS HAVE REVAMPED BUSINESS AND HOME

LEAVE TRAVEL PLANS TO PROLONG PERIOD OUT OF LEBANON. GENERALLY SPEAKING, MOST BUSINESS MANAGERS ARE FOLLOWING A WAIT-AND-SEE ATTITUDE UNTIL SIGNALS ARE CLEARER AS TO THE FUTURE COURSE OF POLITICAL DEVELOPMENTS. IN LINE WITH ABOVE, EXODUS OF U.S. FIRMS HAS STILL NOT DEVELOPED. ALTHOUGH MANY BUSINESS MANAGERS HAVE BEEN CONTACTED BY HOME OFFICES TO CONSIDER PERMANENT RELOCATION. THE MOOD SEEMS TO BE RESISTANCE TO PRECIPITIOUS ACTION BECAUSE OF DIFFICULTIES INVOLVED IN FINDING A SUITABLE ALTERNATIVE SITE AND, FRANKLY, BECAUSE MOST EXPATRIATES (AND THEIR FAMILIES) FIND BEIRUT, UNDER NORMAL CIRCUMSTANCES, A HIGHLY ADVANTAGEOUS PLACE IN WHICH TO WORK AND LIVE.

2. THE FOLLOWING GIVES A SAMPLING OF THE CURRENT POSTURE OF SOME AMERICAN COMPANIES WITH OPERATIONS IN BEIRUT. IT DOES NOT REPRESENT COMPREHENSIVE AND DEFINITIVE LIST BUT IS MEANT TO INDICATE THE GENERAL SITUATION:

(A) FIRMS CLOSING BEIRUT OFFICES: BECHTEL; BAROID; MCDONNELL-DOUGLAS; REGIONAL TRAINING SCHOOL OF FIRST NATIONAL CITY BANK NEW YORK; REGIONAL OFFICE CHASE MANHATTAN BANK.

(B) FIRMS REDUCING EXPATRIATE STAFF IN BEIRUT: AMPEX; INTERNATIONAL HARVESTER; BOEING; LOCKHEED; SHERATON; CATERPILLAR; IRVING TRUST.

(C) FIRMS TEMPORARILY EVACUATING SOME OR ALL PERSONNEL AND DEPENDENTS: GENERAL MOTORS, CHICAGO BRIDGE; RAYTHEON; MORGAN GUARANTY (REGIONAL OFFICE); KOEHRING; INGERSOLL-RAND; ABBOTT LABS; UNITED AIRCRAFT; AMERICAN CYANAMID.

(D) FIRMS WATCHING AND WAITING: GENERAL ELECTRIC; FIRESTONE; SANTA FE; ARMCO; CHRISTENSEN DIAMOND; CARRIER; KODAK; GENERAL FOODS; WRIGLEY; UNION CARBIDE; HOLIDAY INNS; HUNT-WESSON.

3. COMMENT: SHOULD MINIMAL ACCEPTABLE LEVEL OF TRANSLIMITED OFFICIAL USE

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QUILITY RETURN, WE EXPECT BEIRUT TO RETAIN ITS POSITION AS SITE REGIONAL BUSINESS OPERATIONS U.S. FIRMS ALTHOUGH WITH REDUCTION EXPATRIATE STAFF TO CORE OF ESSENTIAL PERSONNEL AND WITHINCREASED RECOURSE TO THE USE OF SUB-OFFICES IN OTHER PARTS OF THE REGION. ON THE OTHER HAND, SHOULD CURRENT UNSTABLE SITUATION CONTINUE OR WORSEN, IT SEEMS CLEAR THAT EXODUS WILL INDEED BEGIN IN COMING WEEKS. SINCE AMERICAN FIRMS IN BEIRUT

ARE ASKING US WHAT OTHERS ARE DOING, APPEARS THAT
"BREAK IN DIKE" COULD BE EXPECTED TO SNOWBALL QUICKLY.
ALTERNATIVE SITE MOST OFTEN MENTIONED IS ATHENS BUT
CAIRO, DUBAI, BAHREIN, AMMAN, KUWAIT ALSO IN RUNNING.
IN SUM, CURRENT ATTITUDE OF COMPANIES IS TO "WAIT AND
SEE" BUT QUESTION MARK IS HOW LONG MAJORITY ARE WILLING
OR ABLE MAINTAIN THIS FRAGILE POSTURE.
GODLEY

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